

109TH CONGRESS
1ST SESSION

H. R. 264

To amend the Internal Revenue Code of 1986 to allow a lump sum contribution to Coverdell education savings accounts whenever the contribution limit is increased.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2005

Mr. BRADLEY of New Hampshire introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a lump sum contribution to Coverdell education savings accounts whenever the contribution limit is increased.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Enhancing Resources
5 Utilized in Developing Investments for Tuition Expendi-
6 tures Act of 2003”.

1 **SEC. 2. LUMP SUM CONTRIBUTION TO COVERDELL EDU-**
 2 **CATION SAVINGS ACCOUNTS.**

3 (a) IN GENERAL.—Clause (iii) of section
 4 530(b)(1)(A) of the Internal Revenue Code of 1986 is
 5 amended by inserting “and new limit lump sum contribu-
 6 tions” after “rollover contributions”.

7 (b) NEW LIMIT LUMP SUM CONTRIBUTIONS.—Sub-
 8 section (b) of section 530 of such Code is amended by
 9 adding at the end the following new paragraph:

10 “(6) NEW LIMIT LUMP SUM CONTRIBUTIONS.—

11 The amount of the new limit lump sum contribution
 12 for any taxable year may not exceed the excess of—

13 “(A) \$250 multiplied by a fraction—

14 “(i) the numerator of which is the
 15 amount in effect for the taxable year under
 16 paragraph (1)(A)(iii), and

17 “(ii) the denominator of which is
 18 \$250 or, if the beneficiary of the Coverdell
 19 education savings account was born after
 20 December 31, 1997, the amount in effect
 21 under paragraph (1)(A)(iii) on the date of
 22 such birth, over

23 “(B) the aggregate of the amounts deter-
 24 mined under subparagraph (A) with respect to
 25 such contributions for all previous taxable
 26 years.”.

1 (c) TAX ON EXCESS CONTRIBUTIONS.—

2 (1) IN GENERAL.—Subsection (e) of section
3 4973 of such Code is amended by adding at the end
4 the following new paragraph:

5 “(3) RULE FOR NEW LIMIT LUMP SUM CON-
6 TRIBUTION.—In the case of new limit lump sum
7 contributions to Coverdell education savings ac-
8 counts maintained for the benefit of any one bene-
9 ficiary, the term ‘excess contributions’ means the
10 sum of—

11 “(A) the amount by which the amount con-
12 tributed for the taxable year to such accounts
13 exceeds the dollar amount in effect under sec-
14 tion 530(b)(6) (or, if less, the sum of the max-
15 imum amounts permitted to be contributed
16 under section 530(c) by the contributors to
17 such accounts for such year), and

18 “(B) the amount determined under this
19 subsection for the preceding taxable year, re-
20 duced by the sum of—

21 “(i) the distributions out of the ac-
22 counts for the taxable year (other than
23 rollover distributions and contributions to
24 which paragraph (1) applies), and

1 “(ii) the excess (if any) of the max-
2 imum new limit lump sum contribution
3 which may be contributed to the accounts
4 for the taxable year over the new limit
5 lump sum contribution contributed to the
6 accounts for the taxable year.”.

7 (2) EXCEPTION TO ANNUAL RULE.—Paragraph
8 (2) of section 4973(e) of such Code is amended by
9 adding after subparagraph (B) the following new
10 subparagraph:

11 “(C) Any new limit lump sum contribution
12 (as defined in section 530(b)(6)).”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

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